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SUBJECT: TUNISIAN EXPATS MAKE ANNUAL PILGRIMAGE HOME

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¶1. (U) Summary: Each summer thousands of Tunisian expatriates return on ferry boats from Europe to visit family, attend weddings, and spend their vacations. The ferry returnees are largely working class Tunisians, who moved to Europe in search of employment and a chance to improve their social standing in Tunisia. While during the year these expatriates provide an important source of foreign currency through remittances, during the summer they are a notable source of imported cars and goods. In the face of a 14.2 percent official unemployment rate, the GOT has reaped the economic benefits of emigration, receiving a significant percentage of its foreign currency earnings through the remittances of workers that might otherwise be unemployed in Tunisia. End Summary.

Taking the Ferry

¶2. (U) While the airports are full of flights bearing European holiday-seekers, each summer Tunisia's ports are filled with ferries transporting Tunisian expats back home for the summer to visit family members, attend weddings, and to spend their vacations. For a few months each summer, the normally orderly ports are transformed into scenes of mass chaos as ferry after ferry descends, teeming with both human and vehicular cargo. To add to the throngs, returnees are often met on arrival by the entire extended family. Based on anecdotes and observation, only a handful of the ferry passengers represent Tunisia's well-heeled elite, returning with their Mercedes and other luxury cars in tow. The vast majority of ferry returnees come from Tunisia's working class, who have gone to Europe in search of the jobs and opportunities that often prove elusive in Tunisia. The Office of Tunisians Abroad estimates that there are approximately one million Tunisians, representing ten percent of the population, living abroad. Of these, 740,000 live in Europe, 120,000 in other Arab countries, 25,000 in America and Australia, and 2,000 in Africa and Asia.

¶3. (U) With official unemployment at 14.2 percent and the cost of living on the rise, many working class Tunisians see Europe as a place where they can make some money not only to raise their standards of living, but also to improve their social standing in Tunisia. For many of these workers who spend the year on the lower rungs of European society, the annual return home provides a chance to bask in their newfound wealth and to show their family and friends that they have indulged in the conspicuous material acquisition associated with success. In addition to the evidence of excessive retail consumption are also signs of those who have

forgone the instant gratification of purchasing consumer goods and electronics. One bank manager, who helped expatriates at the port open bank accounts, told EconOff that for many the goal is to build a house in Tunisia. He recounted stories of expatriates who built their homes room by room, scrimping and saving while abroad so that they can add on slowly year after year.

Expats as Importers

14. (U) The yearly return also presents an opportunity to import goods duty-free, a GOT benefit which the ferry returnees take full advantage of. Tunisians residing abroad are permitted to import up to 2,000 dinars (roughly 1,500 USD) worth of goods each year. They are also granted a one-time exemption, intended to facilitate permanent return to Tunisia, to import one car and an unlimited amount of household effects duty-free. The exemptions have created a duty-free bonanza. Cars explode with clothes, toys, televisions, even refrigerators and tires -- all of which are readily available for local purchase, but at higher prices. Embassy contacts recount stories of Tunisian expats divorcing so that two cars can be imported, instead of the one car allotted to a married couple, only to remarry once back in Tunisia. Often these goods are destined for family members as gifts, but many duty-free products find their way to the markets for re-sale. Indeed, the summer ferry return has become a major source of car importation for a well-developed parallel market, with some returnees using their car import privileges to make some extra money. One Embassy FSN reported having bought his car through a middle-man, who purchased the car from a Tunisian woman employed in France. By avoiding the import duty, the cost was a fraction of the price he would have paid through a car dealership.

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...But the Government Benefits, Too

15. (U) Although the GOT laments the "brain drain" that has resulted from the emigration of educated elite, the emigration of the Tunisian working class has been an economic boon for the country. Over the past five years, remittances from abroad averaged 1.61 million dinars (approximately 1.21 million USD) a year, or roughly 5 percent of Tunisia's GDP and one fourth of the country's foreign currency earnings. The importance of expatriates to the Tunisian economy has not gone unnoticed by the government. During the 2004 election, President Ben Ali's 21-point program "For Tomorrow's Tunisia" included a section on Tunisians abroad that underlined the importance of the expatriate community's support for Tunisia's economic development. In addition, the GOT launched a massive effort to welcome Tunisian expats back for the summer to remind them of their attachment to their "mother country." In July, the GOT sponsored a National Conference of Tunisians Living Abroad focused on maintaining the cultural and economic links between Tunisia and its expatriate population. In addition to offering the favorable import concessions, the GOT also discussed measures to simplify investment procedures for expatriates as well as a program to offer Arabic language courses and cultural programs for the children of emigrants.

16. (SBU) Comment: The yearly return of expatriates highlights the sizable, and growing, number of working-class Tunisians that have moved abroad in search of employment. Given the high rate of unemployment and the importance of remittances to the Tunisian economy, the GOT has been largely supportive of the migration of its workers abroad, turning a blind eye to the large-scale, sometimes dubious importation of goods. Until the employment prospects for workers improve, the summer ferry phenomenon in Tunisia will remain an annual

occurrence. What remains to be seen is whether in addition to cars and refrigerators Tunisia's expatriates will bring back ideas about political participation and democracy that will also influence the country's future.

BALLARD